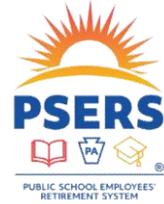


December 15, 2023 PSERB Board Meeting

PSERS Board Room 5 North 5th Street, Harrisburg, PA 17101 and via MS Teams [Sunshine]



Chairperson Christopher Santa Maria
Vice Chairperson Richard Vague
Committee of the Whole
Board Secretary Terrill Sanchez

1. Call to Order

The Board met on December 15, 2023 virtually and in-person at 5 North 5th Street in Harrisburg, PA. Chairperson Christopher Santa Maria called the meeting to order at 9:00 A.M. Terrill Sanchez took roll call and confirmed Board quorum.

Board Member Attendance:

Matt McCarry for Rep. Matthew Bradford Virtual
Jason Davis In Person
Eric DiTullio In Person
Rep. Torren Ecker Virtual
Treas. Stacy Garrity In Person
Susan Lemmo In Person
Kevin Busher for Nathan Mains Virtual
Ann Monaghan In Person

Patrick Lord for Sec. Khalid Mumin Virtual
Jeffrey Cavanaugh for Sen. Katie Muth Virtual
Brian Reiser In Person
Sen. Greg Rothman Virtual
Christopher Santa Maria In Person
Sec. Wendy Spicher In Person
Richard Vague In Person

Additional Board Designee Attendance:

Lloyd Ebright In Person
Michael Heckmann Virtual
Veronica Hoof Virtual

Jill Vecchio Virtual
Morgan Wagner In Person

2. Approval of Published Agenda or Requested Amendments

Eric DiTullio moved to approve the published agenda with Jason Davis seconding. The motion passed unanimously.

3. Approval of October 20, 2023 Minutes

Eric DiTullio moved to approve the minutes with Ann Monaghan seconding. The motion passed unanimously.

4. Public Comment

Terrill Sanchez introduced Ms. Kay Kring to provide comments on her appeal Docket No. 2018-12.

5. Unfinished Business

5.1 Notational Ballot Result

Christopher Santa Maria reported a notational ballot process for RFP 2023-3 Pension and Investment Consulting Services was commenced on 11/22/23, and ran through 12/1/23, upon which the votes were tabulated, by the Board Liaison and verified by himself, as Board Chairperson.

Mr. Santa Maria confirmed that the votes were thirteen (13) in favor, and two (2) abstentions being Sen. Katie Muth and Sen. Greg Rothman.

Resolution 2023-51

RESOLVED, that the Public School Employees' Retirement Board (the "Board") adopts the recommendation of the Defined Contribution Committee and engages CapFinancial Partners, LLC for RFP #2023-03. The final terms and conditions of the contract are subject to legal due diligence and must be satisfactory to the Deputy Executive Director and Director of Defined Contribution Investments, the Office of Chief Counsel, and the Office of Executive Director, as evidenced either by the appropriate signatures on, or by a memo to that effect appended to, the implementing contract.

6. New Business

6.1 Update on 2024 Committee and Board Meetings

As Board Secretary, Terrill Sanchez shared with the Board plans for the January Board and committee organizational meetings. Ms. Sanchez also discussed the plan for gathering Board member preferences for committee assignments, and shared. proposed dates for 2024 Committee and Board meetings, asking for feedback to be provided to her prior to the January 5th meeting, if possible.

7. Committee Reports

7.1 Audit, Compliance, and Risk Committee Report

Committee Chair Treas. Stacy Garrity reported on the activities, findings, recommendations, and other relevant issues from the Audit, Compliance, and Risk Committee meeting held on December 6, 2023.

Under New Business, the Committee:

- heard a presentation of the Chief Compliance Officer's Report,
- received an Investment Compliance Program Update, and
- held an Executive Session to discuss the Investment Compliance Review Report, the ACA Final Report on Validation of Performance for Shared Risk Calculation, the Internal Audit Plan Updates, the HOP/PDP Compliance Updates, and Pending Legal Matters.

Committee Chair Treas. Stacy Garrity moved the following:

RESOLVED, that the Public School Employees' Retirement Board has received the ACA memo concluding PSERS performance reporting from FY 2013 to 2023 is accurate and complete and directs the Chair to assign appropriate recommendations to the relevant committees for consideration.

Jason Davis seconded.

The motion passed unanimously as **Resolution 2023-52**.

7.2 Benefits and Appeals Committee Report

Committee Chair Ann Monaghan reported on the activities, findings, recommendations, and other relevant issues of the Benefits and Appeals Committee meeting held on December 14, 2023.

Under Unfinished Business, the Committee:

- discussed the matter of Brett Musser, Docket No. 2021-03. Ann Monaghan moved with Eric DiTullio seconding the matter.

Sen. Greg Rothman moved to table the matter with Jeffrey Cavanaugh for Sen. Katie Muth seconding. The motion to table was approved with eleven (11) for and three (3) opposed.

Under New Business, the Committee:

- reviewed the minutes of the Executive Staff Review Committee for November 1, 2023, and November 6, 2023, and
- discussed appeals before the Board.

Committee Chair Ann Monaghan moved the following:

RESOLVED, that in the consolidated matter of Kay M. Kring, Docket No. 2018-12, and Michelle A. Claar, Docket No. 2018-13, the Public School Employees' Retirement Board hereby accepts the recommendation of the Benefits and Appeals Committee and adopts the proposed Opinion and Order of the Board and dismisses Claimant's appeal with prejudice.

Jason Davis seconded.

The motion passed with one (1) opposed being Jeffrey Cavanaugh for Sen. Katie Muth as **Resolution 2023-53**.

Committee Chair Ann Monaghan moved the following:

RESOLVED, that in the matter of Diane Sadler, Docket No. 2021-12, the Public School Employees' Retirement Board hereby accepts the recommendation of the Benefits and Appeals Committee and adopts the proposed Opinion and Order of the Board and dismisses Claimant's appeal with prejudice.

Jason Davis seconded.

The motion passed with one (1) abstention being Jeffrey Cavanaugh for Sen. Katie Muth as **Resolution 2023-54**.

Committee Chair Ann Monaghan moved the following:

RESOLVED, that in the matter of Mabel Crisostomo, Docket No. 2021-14, the Public School Employees' Retirement Board hereby accepts the recommendation of the Benefits and Appeals Committee and adopts the proposed Opinion and Order of the Board and dismisses Claimant's appeal with prejudice.

Eric DiTullio seconded.

The motion passed with one (1) abstention being Jeffrey Cavanaugh for Sen. Katie Muth as **Resolution 2023-55**.

7.3 **Health Care Committee Report**

Committee Chair Susan Lemmo reported on the activities, findings, recommendations, and other relevant issues of the Health Care Committee meeting held on December 14, 2023.

Under New Business, the Committee:

- discussed the proposed 2024 HOP Budgets.

Committee Chair Susan Lemmo moved the following:

RESOLVED, that the Public School Employees Retirement Board hereby accepts the recommendation of the Health Care Committee and adopts the proposed Health Options Program Budget and two supplemental budgets for the sponsor's Administrative and Medicare Prescription Drug Program for the Plan Year 2024 in the aggregate amount of \$548,488,000.

Ann Monaghan seconded.

The motion passed unanimously as **Resolution 2023-56**.

7.4 **Defined Contribution Committee Report**

Committee Chair Rep. Torren Ecker reported on the activities, findings, recommendations, and other relevant issues of the Defined Contribution Committee meeting held on December 14, 2023.

- heard a presentation from Jennifer Mills, Deputy Executive Director and Director of Defined Contribution Investments, on the Q2 and Q3 2023 Reviews.

7.5 **Finance and Actuarial Committee Report**

Committee Chair Eric DiTullio reported on the activities, findings, recommendations, and other relevant issues of the Finance and Actuarial Committee meeting held on December 14, 2023.

- Under New Business, the Committee:
- discussed the Actuarial Valuation Results and Contribution Rates,
- heard a presentation regarding the Pension Funding and Employer Contribution Rate,
- heard a presentation on the Stress Testing and Risk Assessment Report, and
- heard a presentation on the Annual Comprehensive Financial Report and September 30, 2023 Financial Statements. The following actions were taken by the Board.

Committee Chair Eric DiTullio moved the following:

RESOLVED, that the Public School Employees' Retirement Board (the "Board") accepts the recommendation of the Finance and Actuarial Committee and adopts the June 30, 2023 Actuarial Valuation Report prepared by Buck Global, LLC, and the actuarial factors, assumptions, and methodologies contained therein, which result in an employer contribution rate of 33.90% for Fiscal Year July 1, 2024 through June 30, 2025.

RESOLVED FURTHER, that the Board certifies and decreases the current rates to the basic T-E member contribution rate of 7.5%, T-F member contribution rate of 10.3%, T-G member contribution rate of 8.25% (Defined benefit rate 5.50%; DC rate 2.75%) and T-H member contribution rate of 7.5% (Defined benefit rate 4.50%; DC rate 3.00% for the three-year period from July 1, 2024 to June 30, 2027 in accordance with the Shared Risk provisions of PSERS' Retirement Code.

Brian Reiser seconded.

The motion passed unanimously as **Resolution 2023-57**.

Committee Chair Eric DiTullio moved the following:

RESOLVED, that the Public School Employees' Retirement Board (the "Board"), in accordance with the recommendation of Finance and Actuarial Committee, accepts the 2023 Stress Testing and Risk Assessment Report, as presented by Buck Global, LLC.

Ann Monaghan seconded.

The motion passed unanimously **Resolution 2023-58**.

7.6 Investment Committee Report

Committee Chair Jason Davis reported on the activities, findings, recommendations, and other relevant issues of the Investment Committee meeting held on December 14, 2023.

Under New Business, the Committee:

- heard a presentation of the PSERS Investment Office Dashboard,
- heard an Update on the Market Environment and Capital Marker Assumptions,
- heard an update on the Investment/Performance Consultant Transition,
- heard an Update on the Delegated Activities,
- the Private Market Investment Fees and Carry,
- the Private Markets Pacing Analysis, and
- held an Executive Session to discuss confidential provisions of the proposed discussion items. The following actions were taken by the Board:

Committee Chair Jason Davis moved the following:

RESOLVED, that the Public School Employees' Retirement Board hereby exercises its options pursuant to Rider 4, Sections 1.23 CONTRACT-021.1(a)(3), (15) and (17) and 1.25 CONTRACT-023.1a(c) of Purchase Order No. 4300636463 (the "Agreement") and terminates Aon Investments USA, Inc. ("Aon") as the Board's investment consultant for cause, effective immediately upon notice to Aon.

Treas. Stacy Garrity seconded.

The motion passed unanimously as **Resolution 2023-59**.

Committee Chair Jason Davis moved the following:

RESOLVED, that the Public School Employees' Retirement Board (the "Board") hereby commits an amount not to exceed \$100 million, plus reasonable normal investment expenses, to Clearlake Capital Partners VIII, LP, and/or related investment vehicles, in accordance with the recommendation of Luke M. Jacobs, Portfolio Manager and Aksia, LLC. The final terms and conditions of the investment must be satisfactory to the Investment Office, the Office of Chief Counsel, and the Office of Executive Director, as evidenced either by the appropriate signatures on, or by a memo to that effect appended to, the implementing investment contract.

Eric DiTullio seconded.

The motion passed with one (1) abstention being Jeffrey Cavanaugh for Sen. Katie Muth as **Resolution 2023-60**.

Committee Chair Jason Davis moved the following:

RESOLVED, that the Public School Employees' Retirement Board (the "Board") hereby commits an amount not to exceed \$100 million plus reasonable normal investment expenses, to OceanSound Partners Fund II, LP, and/or related investment vehicles, in accordance with the recommendation of Darren C. Foreman, Director, and Aksia. The final terms and conditions of the investment must be satisfactory to the Investment Office, the Office of Chief Counsel, and the Office of Executive Director, as evidenced either by the appropriate signatures on, or by a memo to that effect appended to, the implementing investment contract.

Eric DiTullio seconded.

The motion passed with one (1) abstention being Jeffrey Cavanaugh for Sen. Katie Muth as **Resolution 2023-61**.

7.7 **Governance and Administration Committee Report**

Matt McCarry for Committee Chair Rep. Matthew Bradford reported on the activities, findings, recommendations, and other relevant issues of the Governance and Administration Committee meeting held on December 14, 2023.

Under Unfinished Business, the Committee:

- discussed the Board Education Policy,
- discussed the Policy Manual for Investment Professionals,
- heard a presentation on the Strategic Plan Update, and
- held an Executive Session for a Chief Counsel Evaluation Checkpoint.

Matt McCarry for Committee Chair Rep. Matthew Bradford, moved the following:

RESOLVED, that the Public School Employees Retirement Board hereby authorizes a procurement process to retain Hudepohl & Associates LLC for continued services related to the compensation study and Policy Manual for Investment Professionals. Such services shall include continued research assistance and guidance in implementing policy changes.

Eric DiTullio seconded.

The motion passed with one (1) abstention being Jeffrey Cavanaugh for Sen. Katie Muth as **Resolution 2023-62**.

Under New Business, the Committee:

- discussed the Executive Director Compensation Adjustment.

Matt McCarry for Committee Chair Rep. Matthew Bradford, moved the following:

RESOLVED, that the Public School Employees Retirement Board approves the Cost of Living Adjustment of 3.5% for the Executive Director, as proposed by the Office of Administration.

Brian Reiser seconded.

The motion passed with one (1) abstention being Jeffrey Cavanaugh for Sen. Katie Muth as **Resolution 2023-63**.

8. **Office of Chief Counsel**

At 9:48 A.M., Susan Lemmo moved to enter **Executive Session** with Richard Vague seconding, to consult with counsel with respect to pending or expected litigation.

The Board resumed public session at 10:04 A.M.

9. **Office of Executive Director**

Terrill Sanchez welcomed new employees and interns, recognized retiring employees, provided an update on senior leadership positions and interviews, outlined some Legislative updates, and shared recent conference attendance and speaking engagements.

10. PSERB Resolution in Honor of Outgoing Board Member

Board Vice-Chairperson Richard Vague moved the following:

WHEREAS, Chris Santa Maria is retiring from the Board of Trustees of the Public School Employee's Retirement System (PSERS) after seven dutiful years of service; and

WHEREAS, Mr. Santa Maria has served with distinction as an elected representative for PSERS active certified members since 2017, and since his election as PSERS Board Chair in 2020; and

WHEREAS, Mr. Santa Maria served as Chair of the Personnel Committee; and further served as a member of the Appeals and Member/Employer Services, Corporate Governance, Technology Steering, and Budget & Finance Committees; and

WHEREAS, Mr. Santa Maria ended his tenure as an educator in June 2023 following a distinguished career spanning more than 30 years teaching social studies, and AP Government, Economics and Politics in the Lower Merion School District, additionally serving as Department Chair at Harriton High School from 1999 to 2011; and as President of Lower Merion Education Association from 2007 to 2018; and

WHEREAS, Mr. Santa Maria's intelligence, grace, and patience defined his leadership style, having overseen the PSERS Board and System with dignity and perseverance during a crucial period in the organization's history; and

WHEREAS, Mr. Santa Maria never wavered in his duties as a fiduciary to PSERS members and was equally steadfast in his wise, thoughtful, and considerate treatment of PSERS staff, policymakers and the public; and

WHEREAS, Mr. Santa Maria and his family sacrificed considerable hours and energy to keep PSERS strong for generations to come.

NOW THEREFORE BE IT RESOLVED, that the PSERS Board of Trustees hereby offers its thanks and deepest appreciation for his dedicated and dutiful service to PSERS, and its best wishes to him in his future endeavors.

Treas. Stacy Garrity seconded.

The motion passed unanimously as **Resolution 2023-64**.

11. **Next Meeting Agenda Items**

The Board had no recommendations for agenda items to add to the next Board Meeting.

12. **Motion to Adjourn**

At 10:35 A.M., Eric Ditullio moved to adjourn with Jason Davis seconding. The motion passed unanimously.

DocuSigned by:



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1/4/2024